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## Press Release

COMMISSIONER'S OFFICE

### FOR IMMEDIATE RELEASE

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## Department Releases Spring 2010 Revenue Forecast

**Juneau** – Department of Revenue Commissioner Patrick Galvin today released the Spring 2010 Revenue Forecast, which provides an update to the Fall 2009 *Revenue Sources Book* released in December. The department projects the state will collect \$5.6 billion in Unrestricted Revenue in FY 2010 and \$5.3 billion in FY 2011, this compares to the Fall 2009 Forecast of \$4.8B and \$5.2B respectively. In February, the department released an interim FY2010 revenue forecast of \$5.4B in Unrestricted Revenue.

The department now forecasts Alaska North Slope oil prices to be \$75.32 and \$77.65 in FY 2010 and 2011 respectively, compared to \$66.93 and \$76.35 from the Fall 2009 Forecast. Revenue from oil and gas production is expected to provide over 88% of the state's unrestricted revenue through FY 2019.

Oil production on the North Slope in FY2010 is forecast to be approximately 650,000 barrels of oil per day, a 6.2% decline from FY2009, and in FY 2011, we forecast another 4.8% decline, down to approximately 619,000 barrels per day. We anticipate new production coming from the Nikaitchuq field before the end of CY 2010, and continued development in the new Oooguruk field and in Point Thomson.

In order to calculate revenue under the production tax law, our forecast must include assumptions regarding investment levels. Our forecast assumes that the economies of the U.S. and other developed nations will gradually improve, strengthening demand for petroleum products and therefore encouraging a robust oil price environment. We forecast spending on the North Slope to continue at or above current levels, and slightly increasing in FY 2011, with forecasted lease expenditures of \$4.6 billion and \$5.1 billion in FY 2010 and 2011, respectively. This represents a slight increase in expected spending above the Fall 2009 Forecast amounts of \$4.5B and \$5.0B, respectively.

Unrestricted non-oil revenues are forecasted to total \$602 million in FY 2010 and \$634 million in FY 2011. These estimates are down from \$650 million in FY 2009.

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To download a copy of the Spring 2010 forecast, visit the Tax Division's website at [www.tax.alaska.gov](http://www.tax.alaska.gov).